

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**STATE OF CALIFORNIA
FINANCIAL AND COMPLIANCE REPORT
YEAR ENDED JUNE 30, 1982**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

F-100

STATE OF CALIFORNIA
FINANCIAL AND COMPLIANCE REPORT
YEAR ENDED JUNE 30, 1982

FEBRUARY 1983

Telephone:
(916) 445-0255



Thomas W. Hayes
Auditor General

STATE OF CALIFORNIA
Office of the Auditor General

660 J STREET, SUITE 300
SACRAMENTO, CALIFORNIA 95814

February 8, 1983

F-100

Honorable Art Agnos
Chairman, and Members of the
Joint Legislative Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General respectfully submits its Financial and Compliance Report of the State of California for the year ended June 30, 1982.

We conducted the financial and compliance audit in accordance with both generally accepted auditing standards and generally accepted government auditing standards. This audit, in conjunction with audit work performed by the Department of Finance and State Controller, fully meets the auditing requirements of the federal government as well as the bond rating community.

The accompanying General Purpose Financial Statements are presented on a basis in conformity with generally accepted accounting principles (GAAP) to provide comparability with other states and government entities. The State Controller's Office also issues statements on a basis consistent with state laws. The differences between the two bases of accounting are explained and reconciled in Notes 4 and 5 of this report. Until such time that the State's legal basis of accounting is in conformance with GAAP, this difference will continue. Therefore, I recommend that the Legislature amend Government Code Sections 12460 and 13300 to correct this deficiency and bring the State into compliance with GAAP.

Respectfully submitted,

A handwritten signature in cursive script that reads "Thomas W. Hayes".

THOMAS W. HAYES
Auditor General



KENNETH CORY

Controller of the State of California

SACRAMENTO, CALIFORNIA 95805

February 8, 1983

To Readers of This Report:

Attached are the financial statements of the State of California's General Fund prepared in compliance with Generally Accepted Accounting Principles (GAAP).

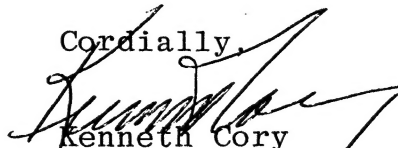
This report should be used for information only as my Annual Report containing financial statements of the General Fund and all other funds in the State Treasury is prepared in compliance with existing state laws and state accounting principles and will continue to be issued by my office. Unless and until the necessary law changes are made to require state accounting to conform more closely to GAAP, the "legal" report should still be used as the focal point for past execution of the state's budget. Future budget planning and appropriations of funds should also still be based on the financial conditions of state funds as reported in the "legal" report.

In order to provide a link between the "legal" and GAAP basis reports of the General Fund, a reconciliation of the two different fund balances is provided in footnote 5, page 16 of the GAAP report.

The dire condition of the General Fund at the end of the 1981-82 Fiscal Year is amplified under the GAAP version. The General Fund deficit as of June 30, 1982, determined in accordance with existing laws and regulations and in a manner consistent with past reporting practices is \$154 million. On a GAAP basis, the Auditor General has determined that the deficit as of June 30, 1982, is in excess of \$1 billion.

My staff and I wish to express our appreciation to all state agencies for their assistance and to the Auditor General's staff for their audit of the financial statements contained in this report.

Cordially,


Kenneth Cory
State Controller

Attachments

TABLE OF CONTENTS

	<u>Page</u>
PART I	
AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	5
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL (LEGAL BASIS)	6
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCES	7
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION	8
NOTES TO THE FINANCIAL STATEMENTS	9
PART II	
REPORT ON STUDY AND EVALUATION OF INTERNAL ACCOUNTING CONTROLS	29
PART III	
REPORT ON COMPLIANCE WITH FEDERAL GRANT REQUIREMENTS	32

PART I
AUDITOR'S REPORT

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Auditor General

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Office of the Auditor General
660 J STREET, SUITE 300
SACRAMENTO, CALIFORNIA 95814

Members of the Joint Legislative Audit Committee
State of California

We have examined the General Purpose Financial Statements of the State of California as of and for the year ended June 30, 1982, as presented on pages 3 through 8. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards and generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Pension Trust Funds, which reflect total assets constituting 70 percent of the related totals of Fiduciary Funds. We also did not examine the financial statements of certain Enterprise Funds, which reflect total assets and revenues constituting 52 percent and 71 percent, respectively, of the related totals of Enterprise Funds. The financial statements of the Pension Trust Funds and Enterprise Funds referred to above were examined by other auditors who furnished their reports to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Pension Trust Funds and certain Enterprise Funds, is based solely upon the reports of other independent auditors.

As is more fully described in Note 17 to the financial statements, the State is party to numerous lawsuits, some of which are significant. However, the Attorney General has not provided to us information on the potential outcome of these lawsuits. Thus, it is not possible at this time to estimate the effect, if any, on the financial statements.

The State has not maintained adequate fixed asset records for its governmental fund type property, plant, and equipment. Consequently, the General Fixed Assets Account Group is not presented in the accompanying financial statements as required by generally accepted accounting principles.

In our opinion, based upon our examination and the reports of other independent auditors, and except for the effect, if any, of the lawsuits, and the omission of the General Fixed Assets Account Group, the General Purpose Financial Statements referred to in the first paragraph present fairly the financial position of the State of California as of June 30, 1982, and the results of its operations and the changes in financial position of its Proprietary Funds and Pension Trust Funds for the year then ended, in conformity with generally accepted accounting principles.

OFFICE OF THE AUDITOR GENERAL

A handwritten signature in black ink, appearing to read "Karl W. Dolk", written over the printed name.

KARL W. DOLK, CPA
Assistant Auditor General

December 8, 1982

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF CALIFORNIA
COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUP
AS OF JUNE 30, 1982
(IN THOUSANDS)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service			
ASSETS								
Cash and pooled investments	\$ 133,187	\$ 338,497	\$ 227,440	\$ 154,218	\$ 28,450	\$ 5,322,876		\$ 6,204,668
Investments				1,613,327		26,927,625		28,540,952
Amount on deposit with U.S. Treasury						3,144,101		3,144,101
Receivables:								
Taxes						331,266		331,266
Accounts	90,822	46,422	52	53,638	14,760	28,278		233,972
Notes		10,175		580				580
Loans				3,423,155		105,304		3,538,634
Interest and dividends	816			44,363		597,568		642,747
Other	82	15,312		2,638	19	288,928		306,979
Due from other funds	747,387	1,186,929	10,927	835,070	64,000	2,263,354		5,107,667
Due from other governments	96,429	832,994		219,553	1,042	209,565		1,359,583
Inventory, at cost				2,454	33,357			35,811
Other current assets	63,539	14,160	15	10,553	3,081	51,045		142,393
Advances to other funds	612,272	448,595		19,921	351	35,956		1,117,095
Loans to other governments	15,982	17,237		1,223,723		42,722		1,299,664
Restricted assets				354,861				354,861
Fixed assets				3,737,945	63,991	772		3,802,708
Amount to be provided for retirement of general long-term debt								
Total Assets	\$ 1,760,516	\$2,910,321	\$ 238,434	\$11,695,999	\$ 209,051	\$39,349,360	\$1,803,011	1,803,011
Total Assets	\$ 1,760,516	\$2,910,321	\$ 238,434	\$11,695,999	\$ 209,051	\$39,349,360	\$1,803,011	\$57,966,692

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$ 233,409	\$ 169,137	\$ 49,852	\$ 53,675	\$ 29,424	\$ 2,314,045	\$ 2,849,542
Agreements to repurchase securities						1,371,288	1,371,288
Payable from restricted assets							35,635
Due to other funds	1,109,440	848,869	3,702	35,635	29,124	2,935,714	5,107,667
Due to other governments	304,770	134,837	11,219	180,818	106	959,485	1,414,877
Dividends payable				4,460			38,100
Advances from other funds		17,348		38,100	30,932	31,618	1,068,049
Tax overpayments				988,151		110,965	110,965
Benefits payable				1,021,391		152,600	1,173,991
Deposits				499,247		333,806	333,806
Notes and loans payable							499,247
Capital lease obligations							11,098
Deferred revenue	6,104	97,725		71,622	350		175,801
Bonds payable				6,548,331			8,340,244
Bond interest payable				116,026			116,026
Other liabilities	33,800	15,712	151	17,355	6,725	115,427	189,170
Total Liabilities	1,687,523	1,283,628	64,924	9,574,811	96,661	8,324,948	22,835,506

Fund Equity:

Contributed capital				19,613			19,613
Retained earnings:							
Reserved for regulatory requirements				166,980			166,980
Unreserved				1,934,595	112,390		2,046,985
Fund balances:							
Reserved for encumbrances	183,693	451,340	151,852			4,550	791,435
Reserved for advances	612,272	448,595				29,730	1,090,597
Reserved for loans	15,982	27,412				10,771	54,165
Reserved for employees' retirement system							
Unreserved:						27,213,387	27,213,387
Designated for subsequent years' expenditures	277,785	138,743	36,545				453,073
Undesignated (deficit) (Note 5)	(1,016,739)	560,603	(14,887)			3,765,974	3,294,951
Total Fund Equity	72,993	1,626,693	173,510	2,121,188	112,390	31,024,412	35,131,186
Total Liabilities and Fund Equity	\$ 1,760,516	\$ 2,910,321	\$ 238,434	\$ 11,695,999	\$ 209,051	\$ 39,349,360	\$ 57,966,692

This statement was prepared in accordance with generally accepted accounting principles except as disclosed in the Auditor's Report. See the notes accompanying the financial statements.

STATE OF CALIFORNIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1982
(IN THOUSANDS)

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
Taxes (Note 12)	\$19,084,063	\$ 619,665		\$ 2,148,562	\$21,852,290
Intergovernmental	89,246	7,018,593		36,386	7,144,225
Licenses and permits	150,730	782,428			933,158
Natural resources		366,604	\$ 84,392		450,996
Charges for services	49,897	2,385		48,650	100,932
Fees	138,911	97,057		8,868	244,836
Penalties	3,974	109,514			113,488
Interest	319,754	81,658	377	369,366	771,155
Miscellaneous	53,214	115,927	3,663	83,759	256,563
Total Revenues	<u>19,889,789</u>	<u>9,193,831</u>	<u>88,432</u>	<u>2,695,591</u>	<u>31,867,643</u>
Expenditures:					
Current					
General government	643,803	592,643		96,155	1,332,601
Education	10,970,150	839,857		14,391	11,824,398
Health and welfare	7,127,634	5,434,469		2,775,896	15,337,999
Resources	368,510	210,237		103,978	682,725
State and consumer services	156,300	214,369		4,119	374,788
Business and transportation	51,681	1,640,591		23,659	1,715,931
Correctional programs	702,705	12,112			714,817
Property tax relief	1,313,515				1,313,515
Capital outlay	8,197	33,769	415,905		457,871
Debt service					
Principal retirement	86,967				86,967
Interest and fiscal charges	131,125				131,125
Total Expenditures	<u>21,560,587</u>	<u>8,978,047</u>	<u>415,905</u>	<u>3,018,198</u>	<u>33,972,737</u>
Other Financing Sources (Uses):					
Proceeds from general obligation bonds			120,000		120,000
Operating transfers in	113,914	472,356	63,816		650,086
Operating transfers out	(203,498)	(335,091)	(1,499)		(540,088)
Sale of general fixed assets		62,670			62,670
Total Other Financing Sources (Uses)	<u>(89,584)</u>	<u>199,935</u>	<u>182,317</u>		<u>292,668</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(1,760,382)	415,719	(145,156)	(322,607)	(1,812,426)
Fund Balances, July 1, 1981, as restated (Note 7)	1,165,649	1,789,427	405,080	4,136,491	7,496,647
Residual equity transfers in	667,726				667,726
Residual equity transfers out		(578,453)	(86,414)	(2,859)	(667,726)
Fund Balances, June 30, 1982	<u>\$ 72,993</u>	<u>\$ 1,626,693</u>	<u>\$173,510</u>	<u>\$ 3,811,025</u>	<u>\$ 5,684,221</u>

See the notes accompanying the financial statements.

-6-

See the notes accompanying the financial statements.

STATE OF CALIFORNIA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1982
(IN THOUSANDS)

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Pension Trust</u>	
Operating Revenues:				
Services and sales	\$ 380,410	\$ 345,677		\$ 726,087
Earned premiums, net	446,479			446,479
Investment and interest	133,341		\$ 2,255,615	2,388,956
Contributions			3,078,442	3,078,442
Miscellaneous	22,449		1,718	24,167
Total Operating Revenues	<u>982,679</u>	<u>345,677</u>	<u>5,335,775</u>	<u>6,664,131</u>
Operating Expenses:				
Personal services	74,077	185,632	20,688	280,397
Supplies	15,377	9,173		24,550
Services and charges	155,849	118,623	10,527	284,999
Depreciation	1,223	7,835		9,058
Benefit payments	314,402		1,676,374	1,990,776
Refunds			194,625	194,625
Total Operating Expenses	<u>560,928</u>	<u>321,263</u>	<u>1,902,214</u>	<u>2,784,405</u>
Operating Income	<u>421,751</u>	<u>24,414</u>	<u>3,433,561</u>	<u>3,879,726</u>
Nonoperating Revenues (Expenses):				
Grants	1,292			1,292
Interest revenue	451,702	1,557		453,259
Rent	1,405			1,405
Interest expense and fiscal charges	(388,758)	(191)		(388,949)
Total Nonoperating Revenues and Expenses	<u>65,641</u>	<u>1,366</u>		<u>67,007</u>
Operating transfers in	3,522			3,522
Operating transfers out	(26,781)			(26,781)
Operating Transfers	<u>(23,259)</u>			<u>(23,259)</u>
Net Income	464,133	25,780	3,433,561	3,923,474
Dividends paid	(140,115)			(140,115)
Retained Earnings/Fund Balances, July 1, 1981	<u>1,777,557</u>	<u>86,610</u>	<u>23,779,826</u>	<u>25,643,993</u>
Retained Earnings/Fund Balances, June 30, 1982	<u>\$ 2,101,575</u>	<u>\$ 112,390</u>	<u>\$27,213,387</u>	<u>\$ 29,427,352</u>

See the notes accompanying the financial statements.

STATE OF CALIFORNIA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1982
(IN THOUSANDS)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Pension Trust	
Sources of Funds:				
From operations				
Net income	\$ 464,133	\$ 25,780	\$ 3,433,561	\$ 3,923,474
Items not requiring (providing) cash				
Depreciation	1,223	7,835		9,058
Amortization of bond and note discount and premium	(1,042)	461	(90,409)	(90,990)
Loss on sale of investments	1,854		14,463	16,317
Funds Provided From Operations	466,168	34,076	3,357,615	3,857,859
Proceeds from investments	107,933		32,583,619	32,691,552
Collection of loans receivable	332,014		198,320	530,334
Proceeds from sale of fixed assets		250		250
Collection of restricted assets	12,423			12,423
Advances from other funds	23,715	8,794		32,509
Proceeds from bonds and notes payable	867,068			867,068
Decreases in current assets:				
Accounts receivable	3,536		24,985	28,521
Other current assets	3,133		1,858	4,991
Increases in current liabilities:				
Due to other funds	40,328	7,619		47,947
Due to other governments	67			67
Benefits payable	34,307		15,303	49,610
Deferred Revenue	1,301			1,301
Bond interest payable	4,178			4,178
Other liabilities	13,254	1,576	19,371	34,201
Total Funds Provided	1,909,425	52,315	36,201,071	38,162,811
Application of Funds:				
Purchase of investments	271,857		36,060,606	36,332,463
Loans provided	527,702			527,702
Advances to other funds	5,000			5,000
Acquisition of fixed assets	220,553	17,609	6	238,168
Uses of restricted assets	2,653			2,653
Payments on advances from other funds	69,503	115		69,618
Payments on notes and loans payable	110,430			110,430
Retirement of bonds	291,488			291,488
Dividends paid	140,115			140,115
Increases in current assets:				
Receivables, Interest and Dividends	9,701	7,022	92,243	108,966
Receivables, Other	1,644			1,644
Due from other funds	245,601	6,452		252,053
Due from other governments	1,908			1,908
Inventory	253	5,893		6,146
Other assets		212		212
Decreases in current liabilities:				
Accounts payable	10,331	4,717		15,048
Benefits payable	286			286
Total Funds Applied	1,909,025	42,020	36,152,855	38,103,900
Net Increase in Cash	\$ 400	\$ 10,295	\$ 48,216	\$ 58,911

See the notes accompanying the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Definition of Reporting Entity

The General Purpose Financial Statements present information on the financial activities of the State of California (State) over which the Governor, the State Legislature, and other elected officials have direct or indirect governing and fiscal control. The financial statements include accounts of various boards, commissions, agencies, authorities, universities and colleges of the State of California, with the exception of the University of California. The Constitution of the State of California established the University of California as an independent and separate entity with full powers of organization and governance vested in the Board of Regents.

Included in the State's General Purpose Financial Statements are the financial statements of the State Compensation Insurance Fund as of and for the year ended December 31, 1981. These statements were audited by independent auditors as of that date. The State Compensation Insurance Fund represents 13 percent and 40 percent, respectively, of the assets and revenues of the Enterprise Funds.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements present the financial position and the results of operation of the State of California for the year ended June 30, 1982. The financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the National Council on Governmental Accounting, by the American Institute of Certified Public Accountants, and by the Financial Accounting Standards Board.

B. Fund Accounting

The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund types and account group:

Governmental Fund Types

The governmental fund types are used primarily to provide services to the general public without charging directly for those services. The State of California has the following governmental fund types:

The General Fund is the main operating fund of the State. It accounts for transactions related to resources obtained and used for those services that are not required to be accounted for in another fund.

Special Revenue Funds account for transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds account for transactions related to resources obtained and used for the acquisition or construction of major capital facilities not financed by other funds.

Proprietary Fund Types

The proprietary fund types present financial data on state activities intended to produce a profit or to operate on a break-even basis through user charges for goods or services provided. The proprietary fund types are as follows:

Enterprise Funds are used to account for goods and services provided to the general public on a continuing basis where the State intends that all or most of the costs involved are to be financed by user charges, or where periodic measurement of the results of operations is appropriate for management control, accountability, or other purposes.

Internal Service Funds are used to account for goods or services provided to other funds, agencies, departments, or governments on a cost-reimbursement basis.

Fiduciary Fund Types

The fiduciary fund types are used to account for assets held by the State either in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The fiduciary fund types are the following:

Expendable Trust Funds account for assets held in a trustee capacity where both principal and income may be expended in the course of a fund's designated operations.

Pension Trust Funds account for transactions, assets, liabilities, and net assets available for plan benefits of the Public Employees', the Judges', the Legislators', and the State Teachers' retirement systems.

Agency Funds account for the receipt and distribution of various taxes, refundable deposits, and property held by the State. They are custodial in nature and do not measure the results of operations.

General Long-Term Debt Account Group

This account group records unmatured general obligation bonds and other long-term obligations not recorded in proprietary or fiduciary fund types. These obligations are expected to be financed from governmental funds.

C. Basis of Accounting

Governmental Fund Types, Expendable Trust Funds, and Agency Funds

The accounts of these fund types are reported using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded as received and expenditures are recorded at the time liabilities are incurred, with the following exceptions:

- Intergovernmental revenues are recorded as earned.
- Interest receivable and revenues receivable that have been billed and that are estimated to be collected during the following fiscal year are accrued at June 30. Receivables for which collection is indefinite or which will not be collected in the following year are not reported in the financial statements.
- Interest on long-term debt is recorded when due.
- Vacation and sick leave expenditures are recorded when paid.

Other accounting practices of the State include the recording of inventories as expenditures when purchased, and the reporting of investments at amortized cost.

In addition, the State uses encumbrance accounting for budgetary control purposes. On the financial statements prepared in accordance with generally accepted accounting principles, encumbrances for commitments that have not been met by June 30 are shown as a reservation of fund balance.

Proprietary Fund Types and Pension Trust Funds

The accounts of these fund types are reported using the accrual basis of accounting except that vacation and sick leave compensation is expensed when leave is taken. Investments are shown at amortized cost.

D. Fixed Assets

General Fixed Assets Account Group

The General Fixed Assets Account Group is not presented on the Combined Balance Sheet.

Proprietary Fund Types and Pension Trust Funds

Property, plant, and equipment are stated at cost or fair market value at the date of acquisition. Eighty-seven percent of these assets, consisting primarily of state water projects and toll facilities, are not depreciated because they are maintained to provide indefinite useful lives. Some of the property, plant, and equipment of the remaining proprietary fund types are depreciated over the estimated service life using the straight-line method of depreciation.

3. Budgeted Revenues

In the annual budgeting process, the Governor estimates revenues of the General Fund. However, revenues are not included in the budget adopted by the Legislature.

4. Reconciliation of Legal Basis to GAAP Basis

The accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Legal Basis) presents comparisons of budgeted expenditures with actual expenditures compiled on a legal basis. Accounting principles applied for purposes of developing data on a legal basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. The major differences are as follows:

- Residual equity transfers are recorded as operating transfers on a legal basis but are reported as additions to or deductions from the fund equity balance in accordance with generally accepted accounting principles.
- Loans made to other funds or to other governments are recorded as expenditures on a legal basis, but are reported in accordance with generally accepted accounting principles as either due from other funds or other governments for loans that will be repaid within one year, or as advances to other funds or loans to other governments for amounts due thereafter.
- Revenues from the Federal Revenue Sharing Fund are recorded as revenue of the current period on a legal basis but were accrued in the prior period in accordance with generally accepted accounting principles.
- California Medical Assistance Program expenditures are, by law, accounted for on the cash basis in the budgetary records but are reported on the accrual basis in accordance with generally accepted accounting principles.
- Encumbrances--goods and services that are ordered but not received by the end of the year--are recorded as expenditures on a legal basis but are reported as a reservation of fund balance in accordance with generally accepted accounting principles. Encumbrances are reduced to reflect anticipated reimbursements.
- A liability for tax overpayments is not recognized on a legal basis but is accrued in accordance with generally accepted accounting principles.
- Intrafund transactions are included in the budgetary records prepared on a legal basis but have been eliminated from the statements prepared in accordance with generally accepted accounting principles.

The following schedule reconciles the results of operations determined on a legal basis to the results of operations determined in accordance with generally accepted accounting principles (GAAP) (amounts in thousands):

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses - Legal Basis	\$ (711,813)	\$(539,632)
Reclassification of residual equity transfers out (in)	(667,726)	578,453
Advances or loans to other funds or to other governments	(144,269)	23,954
Revenues from Federal Revenue Sharing Fund accrued in the prior period	(178,671)	
Increase in accrued expenditures of California Medical Assistance Program	(79,126)	
Increase in current year's encumbrances	42,490	69,641
Accrued liability for tax overpayments	(14,890)	
Intrafund transactions	10,184	
Adjustment for reimbursable encumbrances		222,462
Adjustment for vacation and sick leave		49,258
Accrued debt service receivable from other funds		11,583
Other	<u>(16,561)</u>	<u> </u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses - GAAP Basis	<u><u>\$(1,760,382)</u></u>	<u><u>\$ 415,719</u></u>

The fund balances on a legal basis are reconciled to the fund balances in accordance with generally accepted accounting principles as follows (amounts in thousands):

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund Balance (deficit), June 30, 1982 - Legal Basis	\$ (30,816)	\$ 638,505
Advances or loans to other funds or to other governments	628,254	476,007
Accrued expenditures of California Medical Assistance Program	(589,087)	
Encumbrances, June 30, 1982	183,693	451,340
Accrued liability for tax overpayments	(110,965)	
Adjustment for vacation and sick leave		49,258
Accrued debt service receivable from other funds		11,583
Other	<u>(8,086)</u>	<u> </u>
Fund Balance, June 30, 1982 - GAAP Basis	<u><u>\$ 72,993</u></u>	<u><u>\$1,626,693</u></u>

5. Undesignated Fund Balance Deficit

The legal basis General Fund undesignated fund balance deficit that is used for state budgeting purposes is reconciled to the undesignated fund balance deficit in accordance with generally accepted accounting principles as follows (amounts in thousands):

	<u>General Fund</u>
Undesignated Fund Balance (deficit), June 30, 1982 - Legal Basis	\$ (154,204)
Accrued expenditures of California Medical Assistance Program (Note 4)	(589,087)
Designation for subsequent years' expenditures per Sections 4, 9, and 11 of Chapter 207, Statutes of 1982	(220,000)
Accrued liability for tax overpayments (Note 4)	(110,965)
Designation for funds held pending litigation (Note 17)	65,603
Other	<u>(8,086)</u>
Undesignated Fund Balance (deficit), June 30, 1982 - GAAP Basis	<u><u>\$(1,016,739)</u></u>

6. Changes in Fund Classifications

The classifications of several funds were changed to prepare the General Purpose Financial Statements for the year ended June 30, 1982, in accordance with generally accepted accounting principles. Previously, amounts transferred out of the General Fund to the State School Fund, Health Care Deposit Fund, and Welfare Advance Fund were recorded as operating transfers out rather than expenditures. The General Fund statements include \$7.9 billion in Education expenditures and \$5.6 billion in Health and Welfare expenditures that were recorded as operating transfers out under the former fund classification.

Changes in accounting for advances to the State School Building Aid Fund and other related activities resulted in a retroactive restatement of the General Fund balance as of June 30, 1981. The restatement recognizes \$694 million in advances made for servicing school building aid bonds and to provide working capital for the school safety program.

Amounts transferred from the Federal Trust Fund were previously recorded as intergovernmental revenue in the General Fund. As a result of the reclassification of the Federal Trust Fund, \$165 million in intergovernmental revenue is recognized in the Federal Trust Fund rather than in the General Fund.

Because of the reclassifications, the financial statements prepared in accordance with generally accepted accounting principles for the year ended June 30, 1982, are not comparable to the prior year.

7. Restatement of General Fund Balance at July 1, 1981

The fund balance of the General Fund as of July 1, 1981, was restated to incorporate the following changes in accounting practices (amounts in thousands):

Fund balance, July 1, 1981, before restatements	\$ <u>552,217</u>
Prior period adjustments:	
Effect of changes in accounting for advances to the State School Building Aid Fund and other related activities	693,574
Effect of changes in accounting for overpayments	(96,075)
Effect of changes in accounting for loans to other governments	<u>15,933</u>
Total prior period adjustments	<u>613,432</u>
Fund balance, July 1, 1981, as restated	<u><u>\$1,165,649</u></u>

8. Cash and Pooled Investments

The State uses a pooled money investment program that enables the State Treasurer to combine available cash from all funds and to invest cash that exceeds current needs. The cash and pooled investments account includes cash on hand, cash deposited with banks, and securities consisting primarily of certificates of deposit, commercial paper, United States government issues, federal agency obligations, and corporate bonds. Additionally, the State Treasurer sells and purchases securities under agreements to repurchase or resell the securities at later dates.

As of June 30, 1982, the average remaining life of securities in the pooled money investment program was approximately two years, eight months. Securities in the pooled money investment program are carried at amortized cost. The market value for the portfolio has not been established.

9. Investments

The amortized cost and market value of investments at June 30, 1982, for all funds except the State Compensation Insurance Fund, which is reported as of December 31, 1981, are as follows (amounts in thousands):

	<u>Amortized Cost</u>	<u>Market Value</u>
<u>Enterprise Funds</u>		
State Compensation Insurance Fund	\$ 1,345,632	\$ 991,641
Housing Finance Fund	216,846	201,399
Other Enterprise Funds	<u>50,849</u>	Unavailable
Total	<u>\$ 1,613,327</u>	
<u>Trust and Agency Funds</u>		
Public Employees' Retirement System	\$17,075,316	\$13,515,348
Legislators' Retirement System	39,375	28,754
State Teachers' Retirement System	9,463,343	7,298,198
Deferred Compensation Fund	299,819	303,600
Other Trust and Agency Funds	<u>49,772</u>	Unavailable
Total	<u>\$26,927,625</u>	

The Judges' Retirement System has no investments.

10. Fixed Assets

A summary of proprietary fund type fixed assets less related accumulated depreciation is presented below (amounts in thousands):

	<u>Enterprise</u>	<u>Internal Service</u>
State water projects	\$2,762,578	
Toll facilities	493,649	
Other land, improvements and equipment	328,682	\$121,504
Construction in progress	<u>159,367</u>	<u></u>
Total Fixed Assets	3,744,276	121,504
Less accumulated depreciation (Note 2)	<u>6,331</u>	<u>57,513</u>
Fixed Assets	<u><u>\$3,737,945</u></u>	<u><u>\$ 63,991</u></u>

11. Bond and Note Indebtedness

A. Changes in Bond and Note Indebtedness

Changes in bond and note debt for the year ended June 30, 1982, are summarized as follows (amounts in thousands):

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Notes (Bond Anticipation)</u>	<u>Total</u>
Balance, July 1, 1981	\$6,175,417	\$1,902,768	\$380,058	\$8,458,243
Issuances	540,000	161,709	220,696	922,405
Retirements	<u>(382,654)</u>	<u>(56,996)</u>	<u>(101,507)</u>	<u>(541,157)</u>
Balance, June 30, 1982	<u><u>\$6,332,763</u></u>	<u><u>\$2,007,481</u></u>	<u><u>\$499,247</u></u>	<u><u>\$8,839,491</u></u>

B. Debt Service Requirements for Bonds and Notes

The total debt service requirements for bonds and notes as of June 30, 1982, including interest of \$5.5 billion, are as follows (amounts in thousands):

<u>Year Ending June 30</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Notes (Bond Anticipation)</u>	<u>Total</u>
1983	\$ 751,808	\$ 169,249	\$122,175	\$ 1,043,232
1984	739,423	158,653	287,516	1,185,592
1985	700,480	156,462	188,167	1,045,109
1986	662,383	153,056	1,100	816,539
1987	621,583	138,571	415	760,569
1988-1992	2,553,481	663,844	582	3,217,907
1993-1997	1,658,676	531,250		2,189,926
Thereafter	<u>2,470,109</u>	<u>1,643,419</u>		<u>4,113,528</u>
Total	<u>\$10,157,943</u>	<u>\$3,614,504</u>	<u>\$599,955</u>	<u>\$14,372,402</u>

12. Taxes

A. Summary of Major Tax Revenues

Tax revenues for the year ended June 30, 1982, are as follows (amounts in thousands):

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
Sales and use taxes	\$ 7,548,707	\$596,952	
Personal income tax	7,483,008		
Bank and corporation taxes	2,648,735		
Unemployment insurance taxes			\$1,435,271
Disability insurance taxes			690,211
Other	<u>1,403,613</u>	<u>22,713</u>	<u>23,080</u>
Total	<u>\$19,084,063</u>	<u>\$619,665</u>	<u>\$2,148,562</u>

B. Inheritance and Gift Taxes

On June 8, 1982, California voters repealed the State's inheritance and gift tax laws and reenacted the estate tax. The major fiscal impact of this action will occur beginning in the 1983-84 fiscal year. Inheritance and gift tax revenue for the 1981-82 fiscal year totaled \$495 million. Revenues collected under the estate tax will be significantly less than revenues that would have been collected under the inheritance and gift tax laws.

C. Legislation Increasing Tax Collections

Legislation resulted in the accelerated collection of \$165 million in sales tax revenue and \$200 million in income tax withholding. Other legislation provided the General Fund with \$131 million in motor vehicle license fees. These actions increased revenues in the fiscal year ended June 30, 1982, compared to revenues from previous years.

13. Pension Trusts

The State administers four defined benefit contributory retirement plans: the Public Employees' Retirement System, the Judges' Retirement System, the Legislators' Retirement System, and the State Teachers' Retirement System. Shown below is a schedule of the number of members of the retirement plans at June 30, 1982:

	<u>State Members</u>	<u>Other Members</u>	<u>Total Members</u>
Public Employees	261,768	478,318	740,086
Judges	1,220	705	1,925
Legislators	368		368
State Teachers	170	396,191	396,361

Except for the Legislators' Retirement System, these systems are statewide, multi-employer retirement plans. They are accounted for in separate funds and managed by independent retirement system boards. A summary of the annual contributions to the retirement systems by the State, public agencies, and members, for the fiscal year 1981-82 is shown below (amounts in thousands):

	<u>State</u>	<u>Public Agencies</u>	<u>Members</u>	<u>Total</u>
Public Employees	\$630,790	\$729,578	\$496,254	\$1,856,622
Judges	10,770	3,734	5,740	20,244
Legislators	660		259	919
State Teachers	191,313	519,545	489,800	1,200,658

The adequacy of the financing of the four systems was evaluated by independent actuaries. The retirement plan contributions reported for the Public Employees' Retirement System include amortization of the unfunded actuarial liability over a period not to exceed 30 years. The long-term financing requirements of the other three systems are significantly greater than the contributions provided in State law.

Following is a summary of the unfunded actuarial liability for the Public Employees', Judges', and Legislators' retirement systems at the dates indicated:

	<u>Date of Last Actuarial Valuation</u>	<u>State Share of Unfunded Liability</u>	<u>Total Unfunded Actuarial Liability</u>
Public Employees	6/30/81	\$ 5.6 billion	\$ 9.5 billion
Judges	6/30/80	448 million	448 million
Legislators	6/30/80	25 million	25 million

The unfunded obligation for the State Teachers' Retirement System according to the latest actuarial valuation as of June 30, 1981, is \$13.2 billion. The Legislature has obligated the State to provide supplemental funding to the State Teachers' Retirement System to reduce that system's unfunded actuarial liability. The Education Code provides that annual state contributions to the State Teachers' Retirement System of \$144 million shall be increased or decreased to reflect changes in the California Consumer Price Index. The Education Code also provides for additional annual contributions as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1982-1983	\$ 40 million	1989-1990	\$180 million
1983-1984	60 million	1990-1991	200 million
1984-1985	80 million	1991-1992	220 million
1985-1986	100 million	1992-1993	240 million
1986-1987	120 million	1993-1994	260 million
1987-1988	140 million	1994-1995	280 million
1988-1989	160 million	Thereafter	280 million

Beginning in 1994-95, additional annual contributions of \$280 million will be indexed to the California Consumer Price Index.

14. Guaranty Deposits

The State is custodian of guaranty deposits held to protect consumers, to secure the State's deposits in financial institutions, and to assure payment of taxes and fulfillment of obligations to the State. At June 30, 1982, the State held securities with a market value of approximately \$3.3 billion pledged by insurance companies, and securities with a market value in excess of \$1.3 billion pledged by financial institutions. In addition, the State held other deposits for custodial purposes at a recorded value of approximately \$300 million. The State has not determined the aggregate market value of these deposits. Guaranty deposits are not shown on the financial statements.

15. Segment Information - Enterprise Funds

Selected financial information by enterprise fund activity for major segments is shown in the schedule on the following page:

ENTERPRISE FUND ACTIVITY BY MAJOR SEGMENTS (AMOUNTS IN THOUSANDS)									
	Housing Loan	Water	State Compensation Insurance	State School Building Aid	Toll Facilities	State University	Harbors and Waterways	Public Building	Other Enterprises
Operating Revenue	\$ 5,866	\$ 225,849	\$ 579,819		\$ 68,056	\$ 71,398	\$ 12,881	\$ 1,612	\$17,198
Operating Income or (Loss)	(16,787)	137,446	223,546	\$ (1,029)	52,519	18,023	4,112	1,148	2,773
Net Income	44,290	87,316	223,546	30,594	44,555	14,999	9,635	4,714	4,484
Property, Plant, and Equipment									
Additions		195,052	13,077	3,796	8,594		4		30
Total Assets	4,265,209	3,237,134	1,546,537	1,342,050	754,227	338,205	112,378	74,614	25,645
Bonds and Other Long-Term Liabilities									
Payable from Operating Revenues		2,594,113			171,043	146,413		12,844	
Payable from Other Sources	3,734,673			1,372,972			3,671		
Total Equity	326,457	546,449	432,335	(100,685)	565,626	164,942	102,807	61,598	21,659

The primary sources of Enterprise Fund revenues are as follows:

Housing Loan - Interest charged on contracts of sale of properties to California veterans and to California National Guard members, interest charged on program loans to finance the housing needs of persons and families of low and moderate income, loan origination fees, and interest earned on investments.

Water - Charges to local water districts, sale of excess power to public utilities, and interest earned on investments.

State Compensation Insurance - Premiums collected from California employers for insurance against workers' compensation claims and interest earned on investments. This information is as of and for the year ended December 31, 1981.

State School Building Aid - Interest charged on loans to school districts for acquisition, construction, or rehabilitation of classroom facilities, and income from the rental of portable classrooms to school districts. The \$100.7 million deficit results primarily from the write-down of loans receivable from school districts. The loans may be forgiven in accordance with statutory provisions.

Toll Facilities - Toll fees and interest earned on investments.

State University - Charges to students for housing and parking; student fees for campus unions, health centers, and self-supporting educational programs; and interest earned on investments.

Harbors and Waterways - Gasoline taxes related to boating activities, fees for boating registration and licensing, and interest earned on investments.

Public Building - Rental charges from the lease of public buildings and interest earned on investments.

Other Enterprises - Canteen revenues and processing fees charged by various other departments and authorities.

16. Commitments

A. Leases

The aggregate amount of lease commitments for facilities and equipment in effect as of June 30, 1982, totals approximately \$630 million. This amount does not include any future escalation charges for real estate taxes and operating expenses. Most state leases are classified as operating leases, and they contain clauses providing for termination. It is expected that in the normal course of business, most of these leases will be replaced by similar leases. The minimum lease commitments are summarized below (amounts in thousands):

<u>Year Ending June 30</u>	<u>Operating Leases</u>	<u>Capital Leases</u>	<u>Total</u>
1983	\$145,299	\$ 977	\$146,276
1984	112,646	977	113,623
1985	90,964	977	91,941
1986	75,899	977	76,876
1987	53,128	977	54,105
Thereafter	<u>125,265</u>	<u>21,493</u>	<u>146,758</u>
Total minimum lease payment	<u>\$603,201</u>	26,378	<u>\$629,579</u>
Less amounts representing interest		<u>15,280</u>	
Present value of net minimum lease payment		<u>\$11,098</u>	

Lease expenditures for the year ended June 30, 1982, amounted to approximately \$149 million.

B. Deferred Compensation

The State has established a deferred compensation plan available to all permanent state employees. Under the plan, participants elect to defer and invest a part of their current income, thereby also deferring federal and state income taxes. The terms of the plan specify that the assets of the fund remain the property of the State until distributed.

The State has entered into trust agreements with five financial institutions giving the employees seven investment options. The cost of administration and all funding are the responsibility of the plan participants.

At June 30, 1982, approximately 15,700 employees were participating in the plan. Assets held in the various investment funds on behalf of these employees had a market value of \$303.6 million.

C. Loans and Construction

As of June 30, 1982, housing, school building aid, and harbors and waterways loan programs had loan commitments totaling approximately \$227 million. These commitments are expected to be funded from existing program resources and proceeds from revenue and general obligation bonds to be issued. The State had commitments for approximately \$124 million for construction of water projects and a bridge.

D. Encumbrances

At June 30, 1982, the State had commitments of \$528 million for various highway projects that are not reflected in the Special Revenue Funds' Reserved for Encumbrances. The future expenditures related to these commitments are expected to be reimbursed primarily from proceeds of approved federal grants. These commitments are excluded because the ultimate liability will not accrue to the State of California.

17. Contingencies

A. Litigation

The State is a party to numerous legal proceedings, many of which normally recur in governmental operations. Legal proceedings that were in progress at June 30, 1982, and that were settled or decided adversely to the State as of December 8, 1982, or those legal proceedings having a high probability of an adverse decision against the State as of December 8, 1982, were accrued as a liability in the financial statements.

In addition, the State is involved in certain other legal proceedings that, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. The Attorney General did not determine the outcome of these proceedings nor estimate the possible effects that adverse decisions may have on the future expenditures or revenue sources of the State.

PERS Contributions

In accordance with a legislative directive, and pending settlement of litigation, the State Controller has not transferred \$65.6 million to the Public Employees' Retirement System. This is the amount of the State's retirement contributions for certain school employees for the fourth quarter of the 1981-82 fiscal year. Similarly, \$111.4 million transferred from the General Fund is being held in the State Payroll Revolving Fund, a fiduciary fund. This is the amount of the State's retirement contributions to the Public Employees' Retirement System for state employees for the fourth quarter of the 1981-82 fiscal year.

The legislative directive is being litigated in the California Court of Appeal. The ultimate resolution of this case will determine whether these amounts accrue to the State's General Fund or to the Public Employees' Retirement System. The potential outcome of this litigation is not reflected on the financial statements.

Bank and Corporation Taxes

The State is involved in litigation before the United States Supreme Court regarding the State's use of the unitary tax method. Under the unitary tax method, the State taxes multi-national corporations on the basis of worldwide earnings, allocated as a percentage of activities within the State. Should the United States Supreme Court rule against the use of the unitary tax method, the State may have a material liability for refunds.

B. Federal Audit Exceptions

The State of California receives financial assistance from the federal government in the form of grants. The State is entitled to these resources only if it complies with the terms and conditions of the grant agreements and with the applicable federal laws and regulations, including expenditure of the resources for eligible purposes. If audits disclose exceptions, the State may incur a liability to the federal government.

C. Insurance Program

The State has elected, with a few exceptions, to insure itself against loss or liability, although it generally does not maintain reserves. Losses are covered by appropriations in the year in which the losses occur.

Workers' compensation benefits for self-insured agencies are paid by the State Compensation Insurance Fund. Any unpaid billings are accrued at the end of the year; however, no liability is recorded for future payments.

18. Subsequent Events

On November 23, 1982, the State of California issued \$400 million in revenue anticipation warrants to finance General Fund operations. One-half of the amount is due on February 22, 1983; the remaining one-half is due on June 22, 1983.

For the period from July 1, 1982, to November 30, 1982, cash disbursements from the State's General Fund exceeded cash receipts by approximately \$1.8 billion. On November 30, 1982, General Fund borrowing from other funds and outside sources to finance operations totaled approximately \$1.8 billion.

The State sold \$280 million in general obligation bonds and \$751 million in revenue bonds from July 1, 1982, to December 8, 1982.

PART II

REPORT ON STUDY AND EVALUATION
OF INTERNAL ACCOUNTING CONTROLS

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Thomas W. Hayes
Auditor General

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Members of the Joint Legislative Audit Committee
State of California

We have examined the General Purpose Financial Statements of the State of California as of and for the year ended June 30, 1982, and have issued our report thereon dated December 8, 1982. We did not examine the financial statements of the Pension Trust Funds, which reflect total assets constituting 70 percent of the related totals of all Fiduciary Funds. We also did not examine the financial statements of certain Enterprise Funds, which reflect total assets and revenues constituting 52 percent and 71 percent, respectively, of the related totals of all Enterprise Funds.

As part of our examination, we studied and evaluated the State's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and by the standards for financial and compliance audits of the Comptroller General of the United States. For the purpose of this report, we have classified the significant internal accounting controls of the State of California into four categories: revenue cycles, expenditure cycles, the treasury cycle, and the external reporting cycle. Our study and evaluation included these four control categories.

Our examination did not include a study and evaluation of the systems of internal accounting control of the Pension Trust Funds and certain Enterprise Funds. These funds were examined by other auditors, who furnished their reports to us. Thus, our opinion expressed in Part I, insofar as it relates to the amounts included for the Pension Trust Funds and certain Enterprise Funds, is based solely upon the reports of other independent auditors.

The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the State's General Purpose Financial Statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The Department of Finance and the management of the agencies of the State of California are responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, they are required to make estimates and judgments to assess the expected benefits and related costs of control procedures. In addition, the Department of Finance issues reports on its reviews of the internal accounting control systems at state agencies.

The objectives of a system of internal accounting control are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the authorization of the Department of Finance and other agencies, and that transactions are recorded properly. Proper recording of transactions permits the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projecting any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation, made for the limited purposes described in the fourth paragraph, would not necessarily disclose all material weaknesses in the internal accounting control system. Accordingly, we do not express an opinion on the system of internal accounting control of the State of California taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation disclosed one condition that we believe could result in errors or irregularities that may not be promptly detected. These errors or irregularities involve amounts that could have a material effect on the General Purpose Financial Statements of the State of California.

Weakness In Accounting For General Fixed Assets

During our review, we found that the State does not maintain sufficient records to determine or to estimate the historical cost of general fixed assets. Furthermore, the State does not consistently take inventory of fixed assets, and does not record all fixed assets in the property records. This weakness in accountability results in an increased risk of loss of assets and an inability of the State Controller to present the General Fixed Assets Account Group in the General Purpose Financial Statements.

Recommendation

The Department of Finance should require all agencies to comply with property accounting procedures that would allow the State Controller to include the General Fixed Asset Account Group in the General Purpose Financial Statements. In addition, this would assist in safeguarding the assets of the State.

The foregoing condition was considered in determining the nature, timing, and extent of audit tests to be applied in our examination of the financial statements. Our reporting of this condition does not modify our December 8, 1982, report on the General Purpose Financial Statements.

This report is intended solely for the use of the State of California, cognizant audit agencies, and other federal audit agencies; it should not be used for any other purposes.

OFFICE OF THE AUDITOR GENERAL



KARL W. DOLK, CPA
Assistant Auditor General

December 8, 1982

PART III

REPORT ON COMPLIANCE
WITH FEDERAL GRANT REQUIREMENTS

Telephone:
(916) 445-0255



Thomas W. Hayes
Auditor General

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Office of the Auditor General
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Members of the Joint Legislative Audit Committee
State of California

We have examined the General Purpose Financial Statements of the State of California for the year ended June 30, 1982, and have issued our report thereon dated December 8, 1982. Our examination was made in accordance with generally accepted auditing standards; the provisions contained in the U.S. Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities and Functions, as they pertain to financial and compliance audits; the provisions of the Office of Management and Budget (OMB) Circular A-102, Uniform Administrative Requirements for Grants-In-Aid to State and Local Governments, Attachment P, Audit Requirements: Guidelines for Financial and Compliance Audits of Federally Assisted Programs; and, the OMB's Major Compliance Features of Programs Administered by State and Local Governments. It included tests of a representative number of grant transactions and claims for advances or reimbursements for compliance with material requirements of grant agreements.

A summary schedule of federal grant activity for the year ended June 30, 1982, is included as part of this report. The data included in the Schedule of Grant Activity for the year ended June 30, 1982 are presented for purposes of additional analysis and are not necessary for a fair presentation of the financial statements taken as a whole. The information shown on the schedule has been subjected to the auditing procedures applied in the examination of the General Purpose Financial Statements and, in our opinion, is fairly stated in all material respects only in relation to the General Purpose Financial Statements taken as a whole that are presented in Part I of this document.

The Department of Finance reviews federal financial reports in a two-year cycle to ensure compliance with OMB Circular A-102. The Department of Finance's reports on their reviews are issued directly to the appropriate federal agencies.

No material compliance exceptions were noted during the performance of the tests described above. Although the remainder of our examination was not directed primarily toward obtaining knowledge of noncompliance, nothing came to our attention which would lead us to believe that federal reports and claims not tested or reviewed were not accurate and complete, or that for transactions not tested the State did not comply with the terms and conditions of its grant agreements and applicable federal regulations in all material respects.

This report is intended solely for the use of the State of California, cognizant audit agencies, and other federal audit agencies; it should not be used for any other purposes.

OFFICE OF THE AUDITOR GENERAL

A handwritten signature in black ink, appearing to read "Karl W. Dolk", written in a cursive style.

KARL W. DOLK, CPA
Assistant Auditor General

December 8, 1982

STATE OF CALIFORNIA
SCHEDULE OF GRANT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 1982
(IN THOUSANDS)

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Agriculture:</u>		
Plant and Animal Disease and Pest Control	10.025	\$ 5,325
Agricultural Conservation Program	10.063	33
Forestry Incentive Program	10.064	0
Market News	10.153	162
Federal-State Marketing Improvement Program	10.156	58
Agricultural Statistical Reports	10.252	301
Area Development Assistance Planning Grants	10.426	56
Egg Products Inspection	10.476	191
Meat and Poultry Inspections	10.477	406
Food Distribution	10.550	8,866
Food Stamps	10.551	51,091
School Breakfast Program	10.553	37,497
Equipment Assist for School Food Service Program	10.554	2,477
National School Lunch Program	10.555	208,648
Special Milk Program for Children	10.556	2,873
Special Supplemental Food Program, Inc.	10.557	73,001
Child Care Food Program	10.558	34,417
Summer Food Service Program for Children	10.559	0
State Administrative Expenses for Child Nutrition	10.560	3,358
Nutrition Education Experimental Projects	10.563	0
Nutrition Education and Training Program	10.564	2,440
Forestry Cooperative Research	10.651	25
Forestry Research	10.652	25
Youth Conservation Corps	10.661	1,153
Youth Adult Conservation Corps	10.663	2,154
Cooperative Forestry Assistance	10.664	1,927
Agricultural Research - Basic and Applied Research	10.875	46
Grants for Agri Research Spec Research Grants	10.876	61
Resource Conservation and Development	10.901	11
Watershed Protection and Flood Prevention	10.904	27
Miscellaneous Federal Receipts		45
Total		<u>436,674</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Commerce:</u>		
Econ. Develop. - Grants and Loans Public Works and Dev. Fac. (BE)	11.300	0
Economic Development - Support for Planning Organizations	11.302	102
Economic Development - Public Works Impact Projects	11.304	760
State and Local Economic Developmental Planning	11.305	118
Special Economic Development and Adj. Assistance Program	11.307	68
Anadromous and Great Lakes Fisheries Conserv.-B	11.405	361
Commercial Fisheries Research and Development	11.407	304
Coastal Zone Management Program Administration	11.419	1,156
Coastal Zone Management - Estuarine Sanctuaries	11.420	60
Federal Coastal Energy Impact Program	11.421	2,677
State Marine Schools	11.506	515
Public Telecommunication Facilities	11.550	1
Weights and Measure Service	11.606	0
Minority Business Development - Management and Technical Assistance	11.800	117
Matching Funds - U.S. Travel Service	11.951	0
Miscellaneous Federal Receipts		<u>578</u>
Total		<u>6,817</u>
<u>Department of Defense:</u>		
Beach Erosion Control Projects	12.101	103
Flood Control Projects	12.106	233
Navigation Projects	12.107	38
National Warning System Program	12.305	0
Radiological Systems Maintenance and Training	12.310	175
Civil Defense - National Shelter Survey	12.312	500
Civil Defense - State and Local Management	12.315	1,921
Civil Defense - State and Local Maint. Services	12.319	973
Civil Defense - State and Local Supporting Materials	12.321	0
Miscellaneous Federal Receipts		<u>582</u>
Total		<u>4,525</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Health and Human Services:</u>		
Food and Drug Administration - Research - B,P	13.103	646
Comp. Public Health Services - Formula Grants	13.210	1,100
Crippled Children's Services	13.211	4,231
Medical Facilities Construction - Formula Grants	13.220	1,450
Health Services Res. & Dev. - Grants and Contracts	13.226	88
Maternal and Child Health Research	13.231	0
Maternal and Child Health Services	13.232	13,127
Drug Abuse Community Service Program	13.235	22,045
Mental Health - Hospital Improvement Grants	13.237	0
Mental Health - Hospital Staff Dev. Grants	13.238	0
Alcohol, Drug Abuse, and Mental Health Admin.	13.243	73
Mental Health Clin. or Serv. Related Train. Grants	13.244	205
Alcohol Formula Grants	13.257	3,056
Occupational Safety and Health Res. Grant	13.262	235
Urban Rat Control	13.267	145
Disease Control - Projects Grants	13.268	2,363
Drug Abuse Prevention Formula Grants	13.269	2,421
Drug Abuse Prevention Programs	13.275	134
Drug Abuse Clinical/Service Related Train. Prog.	13.280	45
Center for Disease Control Invest. and Technical Assistance	13.283	165
Sudden Infant Death Syndrome Information and Counseling Project	13.292	74
State Health Planning and Development Agencies	13.293	2,560
Health Planning - Health Systems Agencies	13.294	39
Nurse Practitioner Training Program	13.298	0
Allied Health Prof. - Spec. - Project	13.305	0
Biomedical Research Support - B	13.337	0
Professional Nurse Traineeships	13.358	57
Nursing Scholarships	13.363	34
Nursing Student Loan (NSL)	13.364	17
Minority Biomedical Support Program	13.375	0
Nursing Capitation Grants	13.386	104
Cancer Cause and Prevention Research - B,P	13.393	2,324
Cancer Biology Research - B,P	13.396	0
Cancer Control - B,P	13.399	179
College Library Resources	13.406	1
Higher Education Act Insured Loans	13.460	2,673
University Community Service - Grants to State	13.491	20

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Health and Human Services (Continued)</u>		
Vocational Education - State Advisory Councils	13.500	200
Career Development and Vocational Education Preparation	13.502	285
Vocational Education Personnel Development	13.504	0
Higher Education Instructional Equipment	13.518	0
Emergency School Aid Act - Special Programs	13.532	85
Right to Read - Elimination of Illiteracy	13.533	9
Grants to States for State Student Incentives	13.548	12,180
State Planning Comm. Prog. - Intrastate Planning	13.550	23
Public Serv. Educ. - Instit. Grants and Fellowships	13.555	0
Elementary and Secondary School Education in Arts	13.566	0
Handicapped Innovative Program - Sev. Handicapped Children	13.568	0
Assistance to State for State Equalization Plans	13.572	0
NIE Demonstration Project	13.575	0
Vocational Ed. - Teacher Ed. Cert. Fellowship Program	13.578	0
Educational Information Centers	13.585	78
Admin. Youth and Family Child Welfare Research	13.608	183
Vocational Rehabilitation Services for Social Services Disability Benefits	13.625	2,229
Rehabilitation Services and Facilities - Special Projects	13.626	0
Rehabilitation Research and Demonstrations	13.627	250
Child Abuse and Neglect Prevention and Treatment	13.628	634
Admin. on Developmental Disabilities - Basic Support and Advocacy Grants	13.630	2,795
Title III - State Agency, Social Services and Nutrition	13.633	59,707
Title IV-C - Discretionary Projects and Programs	13.634	224
Special Programs for Aging - Title IV-A - Training	13.637	390
Statewide Multipurpose Senior Center Project	13.639	0
Social Services - Low Income and Assistance Recipients	13.642	264,259
Child Welfare Services - State Grants	13.645	6,259
Work Incentives Programs	13.646	32,518
Vocational Rehabilitation Services for Supplemental Security Income Benefits	13.651	1,697
Consumer Affairs	13.678	0
Child Support Enforcement	13.679	78,582
Medical Assistance Program	13.714	2,141,576
Health Financing Research Demo. and Experiments	13.766	257
Medicare Hospital Insurance	13.773	3,151

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Health and Human Services (Continued)</u>		
Medicare Supplemental Medical Insurance	13.774	1,103
State Medicaid Fraud Control Unit	13.775	3,032
State Health Care Providers Survey Certification	13.777	1,966
Social Security - Disability Insurance	13.802	63,540
Supplemental Security Income	13.807	104
Assistance Payments and Maintenance Assistance	13.808	1,508,988
Assistance Payments - State and Local Training	13.810	150
Assistance Payments - Research	13.812	0
Refugee Assistance - Cuban Refugees	13.813	11,511
Refugee Assistance - Indochinese Refugees	13.814	284,764
Low Income Energy Assistance Program	13.816	72,989
Heart and Vascular Disease Research - B,P	13.837	1,065
Fundamental Neurosciences Research	13.854	68
Microbiology and Infectious Diseases - Research	13.856	347
Research for Mothers and Children	13.865	485
Hypertension Program A	13.882	1,616
Genetic Diseases Testing and Counseling Services	13.890	252
Capacity Building for Statistical Activities	13.922	0
Educational Research and Development	13.950	19
Preventive Health Services - Fluoridation Grants	13.980	48
Grants for Health Education - Risk Reduction	13.981	1,264
Mental Health Disaster Assistance and Eme.		
Mental Health	13.982	16
Health Programs for Refugees	13.987	2,360
Miscellaneous Federal Receipts		209
Total		<u>4,623,078</u>
<u>Department of Housing and Urban Development:</u>		
Low Income Housing - Assistance Program - Public Housing	14.146	0
Low Income Housing Assistance	14.156	5,368
Comprehensive Planning Assistance - 701	14.203	393
Community Development Block Grants/Entitlement Grants	14.218	0
Community Development Block Grants - Small Cities Program	14.219	972
General Research and Technology Activity	14.506	0
Disaster Assistance	14.701	27,247
State Disaster Preparedness Grants	14.702	14
Miscellaneous Federal Receipts		0
Homeownership Co-investment Concept		136
Miscellaneous Federal Receipts		11
Total		<u>34,141</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of the Interior:</u>		
Indian Education - Colleges and Universities	15.114	91
Training and Technical Assistance - Indian Tribal Governments	15.143	56
Heritage Conservation and Recreation Services	15.400	18,949
Small Reclamation Projects	15.503	236
Federal Reclamation Projects	15.504	5
Anadromous Fish Conservation	15.600	73
Fishery Research - Information (L)	15.604	33
Fish Restoration - A	15.605	1,382
Migratory Bird Banding and Data Analysis	15.606	0
Wildlife Ecology Research Information	15.610	1
Wildlife Restoration - A	15.611	4,209
Endangered Species Conservation	15.612	991
Geologic and Mineral Resource Surveys and Mapping	15.800	181
Water Resources Investigations	15.804	128
Historic Preservation	15.904	1,621
National Water Research and Development Program	15.950	72
Miscellaneous Federal Receipts		<u>2,624</u>
Total		<u>30,652</u>
<u>Department of Justice:</u>		
Law Enforcement Assistance Discretionary Grants	16.501	1,517
Law Enforcement Assistance - Improv. and Streng.		
Law Enforcement	16.502	14,163
Law Enforcement Education Program - Student Financial Aid	16.504	11
Law Enforcement Assistance - Juvenile and Delin. Prev. - Alloc. to States	16.516	5,712
Part F - Discretionary Grants (B)	16.531	0
National Institute for Juvenile Delinquency Prevention	16.542	75
Corrections Research and Evaluation	16.602	17
Corrections - Policy Formulation	16.604	59
Antitrust State Enforcement	16.700	165
Miscellaneous Federal Receipts		<u>233</u>
Total		<u>21,952</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Labor:</u>		
Employment Service	17.207	80,640
Job Corps	17.211	1,399
Unemployment Insurance - Grants to States	17.225	184,071
Comprehensive Employment and Training Programs	17.232	52,335
Employment and Training R and D Projects	17.233	42
Senior Community Service Employment Program	17.235	4,807
New Initiatives in Apprenticeship	17.236	8
Youth Community Conservation Improvement Program	17.239	25
Youth Employment and Training	17.240	4,139
Summer Programs for Economically Disadvantaged Youths	17.242	1,093
Minimum Wage and Hour Standard	17.303	0
Occupational Safety and Health	17.500	14,826
Mine Health and Safety Grant	17.600	0
Total		<u>343,385</u>
<u>Department of State:</u>		
Federal Reimbursement		<u>39</u>
<u>Department of Transportation:</u>		
Boating Safety Financial Assistance	20.004	0
Airport Planning Grant Program	20.103	121
Highway Research, Planning, and Construction	20.205	519,753
Highway Beautification - Control of Outdoor Advertising	20.214	29
Grants in Aid for R R Safety - State Participation	20.303	18
Local Rail Service Assistance	20.308	1,720
Urban Mass Transit Cap. Imp. Grant	20.500	2,268
Mass Transportation Technology	20.504	261
Urban Mass Transportation Tech. Studies Grant	20.505	877
Urban Mass Transportation Demonstration Projects	20.506	0
Urban Mass Transportation Cap. and Oper. Assist. Formula Grant	20.507	2,000
State and Community Highway Safety Program	20.600	18,541
Gas Pipeline Safety	20.700	228
Miscellaneous Federal Receipts		<u>625</u>
Total		<u>546,441</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Treasury:</u>		
Miscellaneous Federal Receipts		<u>7</u>
<u>Department of Energy:</u>		
Federal Energy Administration	24.000	0
Research and Development in Geothermal Systems	24.024	<u>0</u>
Total		<u>0</u>
<u>Environmental Protection Agency:</u>		
Intergovernmental Mobility of Federal, State, and Local Employment	27.011	1,090
Intergovernmental Personnel Grants	27.012	<u>1,076</u>
Total		<u>2,166</u>
<u>Equal Employment Opportunity Commission</u>	30.002	<u>2,365</u>
<u>General Services Administration</u>		<u>0</u>
<u>National Aeronautics and Space Administration:</u>		
Aerospace Education Services Project	43.001	118
Technology Transfer	43.002	<u>0</u>
Total		<u>118</u>
<u>National Foundation on the Arts and the Humanities:</u>		
Promotion of the Arts - Architecture Planning and Design	45.001	0
Promotion of the Arts - Education	45.003	26
Promotion of the Arts - Federal State Partnership	45.007	1,892
Promotion of the Humanities - Youth Projects	45.135	<u>49</u>
Total		<u>1,967</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>National Science Foundation:</u>		
Intergovernmental Program	47.036	47
Science Education Development and Research and Resource Improvement	47.048	16
Mathematical and Physical Sciences and Engineering	47.049	0
Biological, Behavioral, and Social Sciences	47.051	<u>10</u>
Total		<u>73</u>
<u>Community Services Administration:</u>		
Community Economic Development	49.011	48
State Economic Opportunity Office	49.013	70
Emergency Energy Conservation Services	49.014	<u>617</u>
Total		<u>735</u>
<u>Small Business Administration:</u>		
Management Assistance to Small Businesses	59.005	<u>3</u>
<u>Veterans Administration:</u>		
Grants for Construction of State Home Facilities	64.005	0
Veterans State Domiciliary Home Care	64.014	1,398
Veterans State Nursing Home Care	64.015	2,029
Veterans State Hospital Care	64.016	882
Veterans Educational Assistance	64.111	364
Miscellaneous Federal Receipts		<u>1,147</u>
Total		<u>5,820</u>
<u>Water Resources Council:</u>		
Water Resources Planning	65.001	<u>243</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Environmental Protection Agency:</u>		
Air Pollution Control Program Grant	66.001	2,439
Air Pollution Control Manpower Training Grants	66.003	0
Air Pollution Control - Tech. Training - M	66.006	39
Air Pollution Control National Ambient Air and Source Emission	66.007	194
Quiet Communities - State and Local Cap. Building Assistance	66.031	45
Water Pollution Control - Direct Training	66.417	0
Construction Grants Waste Water Treatment Works	66.418	3,567
Water Pollution Control - State and Inter- Program Grants	66.419	3,202
Water Pollution Control - State and Local Manpower Development	66.420	0
Water Pollution Control - State and Areawide Water Quality Man.	66.426	1,417
State Underground Water Source Protection Program	66.433	625
Water Pollution Control - Lake Restoration (009 Agts.)	66.435	0
Solid and Hazardous Waste Management Program Support Grants	66.451	4,123
Environmental Protection - Cons. Res. Grants	66.500	4
Solid Waste Disposal Research Grants	66.504	95
Water Pollution Control - Res. Develop. and Demo. Grants	66.505	26
Safe Drinking Water Research	66.506	2,916
Toxic Substances Research Grants	66.507	48
Environmental Protection Consol. Grants Spec. Purpose - B	66.602	0
Pesticides Enforcement Program Grants	66.700	792
Miscellaneous Federal Receipts		30
Total		<u>25,464</u>
<u>Action:</u>		
Foster Grandparent Program	72.001	1,116
Retired Senior Volunteer Program	72.002	14
Volunteer In Service to America (VISTA)	72.003	16
State Volunteer Services Coordinated Program	72.011	50
Special Volunteer Program	72.012	18
Total		<u>1,214</u>

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Nuclear Regulatory Commission:</u>		
Miscellaneous Federal Receipts		<u>0</u>
<u>Department of Energy:</u>		
Research and Development In Energy Conservation	81.035	824
Research and Development - Solar	81.037	648
State Energy Conservation Program	81.041	3,426
Weatherization Assistance Low-Income Persons	81.042	4,464
Supplemental State Energy Conservation Program	81.043	1,657
Basic Energy Sciences	81.049	24
Energy Extension Service	81.050	956
Appropriate Energy Technology	81.051	0
Energy Conservation for Institutional Buildings	81.052	66
Public Utilities Regulatory Innovative Rates Support	81.053	330
Public Utilities Regulatory Support	81.054	101
Emergency Energy Conservation Act Plans	81.071	13
Miscellaneous Federal Receipts		<u>8</u>
Total		<u>12,517</u>
<u>Federal Emergency Management Administration:</u>		
Public Education Assistance Program	83.003	0
Flood Insurance	83.100	394
Civil Defense - State and Local Management	83.200	1,625
Civil Defense - State and Local Maintenance and Services	83.201	0
State Disaster Preparedness Grants	83.203	0
State Radiological Defense Officers	83.209	40
Disaster Assistance	83.300	0
Miscellaneous Federal Receipts		<u>270</u>
Total		<u>2,329</u>
<u>Department of Education:</u>		
Adult Education - Grants to States	84.002	7,269
Bilingual Education Title VII	84.003	958
Civil Rights Technical Assistance and Training	84.004	866
College Library Resources	84.005	15
Teacher Centers	84.006	64
Supplemental Educational Opportunity	84.007	7,429
Alcohol and Drug Abuse Education Program	84.008	37
Educationally Deprived Children - Handicapped	84.009	2,737
Educationally Deprived Children - Local Education	84.010	275,263
Educationally Deprived Children - Migrants	84.011	69,141

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Education (Continued)</u>		
Educationally Deprived Children - State Admin.	84.012	4,495
Educationally Deprived Children in State Admin. Institutions	84.013	2,051
Follow Through	84.014	0
Handicapped Research and Demonstration	84.023	0
Handicapped Early Childhood Assistance	84.024	54
Handicapped Innovative Program - Deaf-Blind Centers	84.025	1,247
Handicapped Media Services and Captioned Films	84.026	0
Handicapped Preschool and School Programs	84.027	94,999
Handicapped Personnel Preparation	84.029	276
College Work Study Program	84.033	9,621
Library Services - Grants to Public Libraries	84.034	5,907
Library Services - Inter-library Cooperation	84.035	441
National Defense/Direct Student Loan Cancel	84.037	12
National Defense/Direct Student Loan	84.038	1,977
Special Services for Disadvantaged Students	84.042	0
Strengthening State Educational Agency Management	84.043	2,764
Vocational Education - Basic Grants to States	84.048	42,305
Vocational Education - Consumer and Homemaking	84.049	2,641
Vocational Education - Program Improvement and Support Service	84.050	8,668
Vocational Education - Special Needs	84.052	1,490
Emergency School Aid Act - Special Programs	84.059	0
Pell Grant Program	84.063	30,668
Higher Education - Veterans Cost of Instruction	84.064	124
Indochinese Refugee Children Assistance	84.068	47
Educational Packaging and Dissemination	84.073	294
Career Education	84.074	1,116
Public Service Education Grants and Fellowships	84.075	0
Regional Education for Deaf and Other Handicapped	84.078	951
Education for Gifted and Talented Children and Youth	84.080	109
Community Education (Community Schools)	84.081	7
Consumer's Education	84.082	0
Indian Education - Fellowships/Indian Students	84.087	11
Libraries and Learning Resources	84.088	18,040
Education Innovation and Support	84.089	14,347
Indochinese Refugees - Adults	84.104	0
Basic Skills Improvements	84.105	561
Emergency School Aid Act - State Agency Grants	84.110	271
Basic Education Data System	84.114	0
Improvement of Post-Secondary Education	84.116	6

<u>Grantor Agency/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Monies Received</u>
<u>Department of Education (Continued)</u>		
Rehab. Services and Facilities - Basic Support	84.126	66,396
Rehab. Services and Facilities - Special Projects	84.128	534
Rehabilitation Training	84.129	0
Centers for Independent Living	84.132	400
Educational Services to Cuban and Haitian Entrant Children	84.138	7
Transition Program for Refugee Children	84.146	6,963
Transition Program for Refugee Children	84.148	0
Miscellaneous Federal Receipts		<u>38</u>
Total		<u>683,617</u>
<u>Consumer Product Safety Commission:</u>		
Miscellaneous Federal Receipts		<u>0</u>
<u>Department of Treasury:</u>		
Shared Revenue - Flood Control Land		417
Shared Revenue - Forest Resources		42,016
Shared Revenue - Grazing Land		224
Public Works Employment Act - Title I		29,642
Public Works Employment Act - Title I		346
Public Works Employment Act - Title II		0
Operating Reserve, Guard, and Training Facilities		7,932
Solar		0
Federal Unemployment Benefits and Allowances		116,822
Reed Act Capital Outlay		31
College Housing Debt Service Grant Program		1,267
Fire Prevention and Suppression Agreement		40
Fire Prevention and Suppression Agreement		138
Fire Prevention and Suppression		0
Miscellaneous Federal Receipts		<u>387</u>
Total		<u>199,262</u>
Total Federal Funds		<u><u>\$6,985,604</u></u>

This schedule should only be used in connection with the auditor's report in Part III.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps